



March 4, 2005

Ms. Illona A. Jeffcoat-Sacco
Executive Secretary
North Dakota Public Service Commission
600 E. Boulevard, Dept. 408
Bismarck, ND 58505-0480

Re: Wind Project Siting Process- Rugby Wind Farm

Dear Ms. Jeffcoat-Sacco:

Per North Dakota Public Service Commission ("Commission") staff request, PPM Energy, Inc. (PPM) is writing to you to propose a process for finalizing the placement of wind turbines that is compatible with North Dakota power plant siting rules and consistent with circumstances unique to permitting and siting wind projects.

Wind facility siting is a process through which input is considered from several different entities. When considering where to locate the wind farm in North Dakota, PPM originally identified four sites. These sites were identified based on expected wind resource and transmission availability. Next PPM conducted a "fatal flaw" analysis for the top two sites. The fatal flaw analyses looked at environmental conditions at each site and also further assessed wind resource and transmission. The Rugby site was identified as an optimal site from environmental, wind resource, transmission, and economic perspectives.

The next step in the development process was to secure the site by entering into agreements with landowners that were interested in having PPM place wind turbines and associated facilities on their property.

Once a site is selected and secured, the next step in the process is to identify preliminary turbine locations based on initial site inspection, topographic maps, known environmentally sensitive

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Response to staff request; proposed process for placement of wind turbines by PPM Energy, Inc.

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areas, review of the North Dakota's power plant siting exclusion and avoidance areas, review of Pierce County wind siting requirements, and communications with local, state and federal agencies. These preliminary turbine locations will be presented in our application for a Certificate of Site Compatibility ("Certificate"). This preliminary site plan is the commonly accepted standard for applications in other jurisdictions.

PPM suggests that the Certificate define the site area, maximum number of turbines and other structures related to wind generation to be located in the site area. Within the site area, PPM would be able to site turbines and other structures related to wind generation subject to required setbacks from environmentally sensitive areas, roads, and residences.

Once the Commission issues the Certificate, PPM would complete the studies required by the Certificate or PPM's siting process including microwave beam path analysis, geotechnical studies, wetland, biological, and cultural resource surveys. In addition, PPM would seek further input from landowners regarding the location of wind facilities. Once these additional studies and communications are completed, preliminary turbine and access road locations are re-evaluated for their appropriateness with the Certificate conditions and buffers. A final site plan for the 150 MW project would be submitted to the Commission prior to construction and a pre-construction meeting held with Commission staff to ensure that the site plan conforms to the Certificate requirements.

An analogous process can be found in Minnesota. In Minnesota, the site is evaluated based on a series of environmental parameters listed in the Wind Siting Rules (Minn. Rules Chapter 4401). PPM submits a preliminary site layout considering the environmental parameters listed in the Wind Siting Rules. If the application is considered complete and the project is compatible with "environmental preservation, sustainable development, and the efficient use of resources," a site permit is issued by the State with a set of conditions and mitigative measures specific to the project. After the site permit is issued, the wind project developer is given latitude to locate turbines within the permitted project area provided the site layout is consistent with the site permit conditions. The developer, however, must submit a final plan to the Minnesota Environmental Quality Board prior to construction.

Wind project siting is unique in that the project occupies a large area and must not only conform to Certificate conditions but must also optimize the wind resource at the site. Ideally, the Certificate provides the parameters within which the developer may optimize the site. With Certificate conditions in place, the developer is able to proceed with planning and development. Early approval of a Certificate is not only consistent with circumstances unique to wind project siting but it is also essential to timing given the uncertainty and limited duration of the federal production tax credit necessary for wind project development.

PPM believes that the aforementioned siting process is consistent with North Dakota siting rules and provides PPM the flexibility necessary to develop a timely, cost-effective project in an environmentally responsible manner.

*Ms. Illona Jeffcoat-Sacco
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Please do not hesitate to contact me if PPM can provide any additional information or clarification. You can reach me by phone at 651-917-9285 or e-mail at timothy.seck@ppmenergy.com.

Sincerely,

A handwritten signature in black ink that reads "Tim Seck". The signature is written in a cursive, flowing style.

Tim Seck
Manager of Midwest Renewables

cc: Michelle Bissonnette – HDR Engineering, Inc.